

Retailers' Occupation Tax and Use Tax only apply to situations where tangible personal property is transferred. 86 Ill. Adm. Code 130.101. (This is a GIL).

November 30, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated October 21, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Our company is currently bidding a project in the CITY, Illinois area. The project consists of outside plant construction for COMPANY. We would like to request a private letter ruling as to whether our services would be taxable. It is our understanding that generally labor is not taxed, therefore we would not owe sales tax on our revenues in your state. Listed below is a general description of the labor services our company performs.

BUSINESS is a construction company. In the course of its nationwide business, BUSINESS usually contracts with local franchisees of COMPANY for the installation of cable television systems. BUSINESS constructs or upgrades a system for the franchisee, and also performs certain maintenance on existing systems.

BUSINESS typically installs wire or fiber optic cable on poles owned by a power company or a telephone company, subject to an agreement with the utility company. The wire is owned by the franchisee, not BUSINESS. The franchisee supplies the wire and all other materials, and BUSINESS supplies the labor and installation expertise. These installation activities do not involve 'drops to homeowners'.

If you have any questions or require any further information, please feel free to contact me at the number listed below.

Retailers' Occupation Tax and Use Tax only apply to situations where tangible personal property is transferred. 86 Ill. Adm. Code 130.101. We understand that you transfer no tangible personal property and only install fiber optic cables provided by your customer. This being the case, and so long as no

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tangible personal property is transferred, you incur no tax liability on these transactions.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.